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**FISCAL IMPACT STATEMENT**

**LS 6707**

**BILL NUMBER:** HB 1227

**NOTE PREPARED:** Dec 28, 2005

**BILL AMENDED:**

**SUBJECT:** State Teacher Retirement; State Employee Grievances.

**FIRST AUTHOR:** Rep. Budak

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires that appropriations to support the State Employees Appeals Commission be made by a separate line item. It provides an optional arbitration procedure for state employee grievances. The bill changes the name of the State Employees Appeals Commission to the State Employees and Educators Appeals Commission, and gives the Commission additional duties.

The bill requires the state to provide a group health insurance program to retired state employees who were employed as teachers at certain state institutions and who participated in a state retirement fund: (1) for 15 years; or (2) 10 years immediately preceding retirement.

The bill also changes the requirements for a retired state employee to participate in a group health insurance plan by: (1) reducing the number of years of creditable employment before the employee's retirement date from 20 to 15; and (2) eliminating the requirement that the employee participate in a retirement plan at least 15 years before the employee's retirement date.

The bill also makes conforming changes.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** *Line-Item Appropriation:* The bill requires the appropriation for the State Employees Appeals Commission to be a separate line item in the state budget. The Commission is currently part of the Education Employment Relations Board. Having a separate line item for the Commission should have no fiscal impact.

*Grievance Procedures:* The bill provides an optional arbitration procedure for state employee grievances. Currently, the State Employees Appeals Commission must review a grievance before it is submitted to arbitration. The bill allows the employee to choose to appeal to the Commission or directly to arbitration, and the action of the arbitrator or the Commission is a final order subject to judicial review. The cost of arbitration currently is shared by the employer and employee and would also be shared under the bill. The change in the arbitration procedure could increase costs if more grievances went directly to the arbitration process instead of using the State Employees Appeals Commission. The increase is unknown.

*Additional Duties:* Changing the name of the State Employees Appeals Commission should have minor impact. The bill provides that final orders of the Commission are mandatory. The Commission would be able to:

1. Adopt an official seal.
2. Hold hearings and make inquiries as the Commission considers necessary.
3. Appoint staff and attorneys as necessary.
4. Pay reasonable and necessary travel and other expenses.
5. Issue subpoenas.
6. Publish and report an opinion in a case decided by the Commission.
7. Issue interlocutory of final orders.
8. Issue an annual report to the Governor.

The additional powers and duties of the Commission could have an unknown expense on the state depending on where the hearings are held and the number of staff and attorneys that might be necessary.

*Group Health Insurance for Retired State Teachers:* The bill allows a state employee who taught in a state institution under the Department of Correction; the Division of Disability, Aging, and Rehabilitative Services; the Division of Mental Health; the Indiana School for the Blind; the Indiana School for the Deaf; the Indiana Soldiers' and Sailors' Children's Home; or Silvercrest Children's Development Center who retired between age 55 and 65 with 10 years of service credit in the retirement fund immediately prior to retirement or 15 years as a member of the retirement fund to participate in the health insurance program for state employees. Currently, an employee would need 20 years of creditable employment to participate in the health insurance plan. A retired state employee in order to participate in the state health benefit plan is required to pay the entire premium amount (i.e., both the employer and employee shares). The number of people who do not qualify currently, but would under the bill, is unknown. However, the impact would probably be minor. There are about 448 teachers in these state institutions with total salaries of about \$29.2 M.

*Group Health Insurance for State Employees:* The bill changes the service requirement for a retiree to be able to participate in the state group health insurance plan. Currently, the retiree must have 20 years of creditable employment, 10 years of which have to be completed immediately before retirement, and the retiree has to complete 15 years of participation in the retirement plan. The bill changes the requirement to 15 years of creditable employment, 10 years of which have to be completed immediately before retirement, with no required participation in the retirement plan. The bill could increase the number of people that might qualify to participate in the state health insurance plan upon retirement. The amount of the increase is unknown, but would probably be minor.

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** All; Department of Personnel; For retired state teachers- Department of Correction, the Division of Disability, Aging, and Rehabilitative Services; the Division of Mental Health; the Indiana School for the Blind; the Indiana School for the Deaf; the Indiana Soldiers' and Sailors' Children's Home; and Silvercrest Children's Development Center.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.